

105TH CONGRESS  
2D SESSION

# H. R. 3435

To remove barriers to the provision of affordable housing for all Americans.

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## IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 1998

Mr. CAMPBELL (for himself, Mr. METCALF, Mr. TORRES, Mr. JACKSON of Illinois, Mr. TALENT, Mr. MCINTYRE, and Mr. FOX of Pennsylvania) introduced the following bill; which was referred to the Committee on Banking and Financial Services

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## A BILL

To remove barriers to the provision of affordable housing  
for all Americans.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Affordable Housing  
5       Barrier Removal Act of 1998”.

6       **SEC. 2. CONGRESSIONAL FINDINGS.**

7       The Congress finds that—

8               (1) homeownership has become a challenge for  
9       Americans of moderate and low income levels;

1           (2) housing comprises 12 percent of the econ-  
2       omy of the United States;

3           (3) housing construction and remodeling employ  
4       approximately 2,000,000 people each year;

5           (4) new housing construction accounts for a  
6       third of the growth of the Nation's economy during  
7       recovery periods;

8           (5) homeowners have more than  
9       \$4,500,000,000,000 in equity in their homes and  
10      this equity is the single largest source of savings and  
11      wealth for most families; and

12          (6) removing barriers to affordable housing is a  
13      legitimate and important public goal.

14 **SEC. 3. CONFERENCE ON BARRIERS TO AFFORDABLE**  
15 **HOUSING.**

16      (a) **AUTHORITY TO CALL CONFERENCE.**—Beginning  
17 not later than 1 year after the date of the enactment of  
18 this Act, the Department of Housing and Urban Develop-  
19 ment shall sponsor a conference on barriers to affordable  
20 housing (referred to in this section as the “Conference”)  
21 to be held biennially to discuss and develop strategies and  
22 programs to eliminate barriers to affordable housing.

23      (b) **PLANNING AND DIRECTION.**—The Conference  
24 shall be planned and conducted under the direction of the  
25 Secretary of Housing and Urban Development (referred

1 to in this section as the “Secretary”) in cooperation with  
2 the heads of such other Federal departments and agencies  
3 as the Secretary considers appropriate. The Secretary  
4 shall provide such assistance from the Department of  
5 Housing and Urban Development as may be necessary to  
6 conduct the Conference, which may include the assign-  
7 ment of personnel.

8 (c) PURPOSE.—The purpose of the Conference shall  
9 be—

10 (1) to increase public awareness of the existence  
11 of barriers to affordable housing;

12 (2) to identify existing and potential barriers to  
13 affordable housing;

14 (3) to develop such specific and comprehensive  
15 recommendations for executive and legislative action  
16 at all levels of government as may be appropriate to  
17 achieving the removal of barriers to affordable hous-  
18 ing;

19 (4) to develop and implement recommendations  
20 for the coordination of Federal, State, and local poli-  
21 cies on eliminating barriers to affordable housing;  
22 and

23 (5) to review the status of the recommendations  
24 of past Conferences, if any.

1 (d) PARTICIPANTS.—In order to carry out the pur-  
2 poses of this title, the Conference shall bring together rep-  
3 resentatives of—

4 (1) persons living or to be living in low- or mod-  
5 erate-income housing;

6 (2) the Federal Government;

7 (3) State and local governments;

8 (4) public interest groups;

9 (5) builders and other persons active in the  
10 field of housing; and

11 (6) the general public.

12 (e) COOPERATION WITH STATE AND LOCAL AGEN-  
13 CIES.—The Secretary shall furnish all reasonable assist-  
14 ance to State and local agencies to enable them to organize  
15 and conduct conferences and other activities in conjunc-  
16 tion with the Conference, including activities in advance  
17 of the Conference, as part of the process of planning for  
18 the Conference, and subsequent to the Conference in con-  
19 nection with the dissemination, discussion, and implemen-  
20 tation of the recommendations of the Conference.

21 (f) REPORT.—Not later than 90 days after the com-  
22 pletion of the Conference, the Secretary shall submit a re-  
23 port to the Congress describing the results of the Con-  
24 ference and setting forth any recommendations of the  
25 Conference for statutory or regulatory reform.

1 (g) DEFINITION.—For purposes of this section, the  
2 term “barriers to affordable housing” means public poli-  
3 cies (including policies of State and local governments and  
4 policies embodied in statutes, ordinances, regulations, and  
5 administrative procedures and processes) that increase the  
6 cost of housing or adversely affect incentives to developing,  
7 maintaining, or improving affordable housing. The term  
8 includes assessments, impact fees, charges for services, tax  
9 policies affecting land and other property, land use con-  
10 trols, zoning ordinances, building codes, growth limits,  
11 policies that affect the return on residential investment,  
12 and any other public policies described in the preceding  
13 sentence.

14 **SEC. 4. HOUSING IMPACT ANALYSIS.**

15 (a) APPLICABILITY.—The requirements of this sec-  
16 tion shall apply with respect to—

17 (1) any proposed rule, unless the head of the  
18 agency promulgating the rule—

19 (A) has certified that the proposed rule  
20 will not, if given force or effect as a final rule,  
21 have a significant deleterious impact on the  
22 availability of affordable housing; and

23 (B) has caused such certification to be  
24 published in the Federal Register at the time of  
25 publication of general notice of proposed rule-

1 making for the rule, together with a statement  
2 providing the factual basis for the certification;  
3 and

4 (2) any final rule, unless the head of the agency  
5 promulgating the rule—

6 (A) has certified that the rule will not, if  
7 given force or effect, have a significant delete-  
8 rious impact on the availability of affordable  
9 housing; and

10 (B) has caused such certification to be  
11 published in the Federal Register at the time of  
12 publication of the final rule, together with a  
13 statement providing the factual basis for the  
14 certification.

15 Any agency making a certification under this subsection  
16 shall provide a copy of such certification and the state-  
17 ment providing the factual basis for the certification to  
18 the Secretary of Housing and Urban Development.

19 (b) STATEMENT OF PROPOSED RULEMAKING.—  
20 Whenever an agency publishes general notice of proposed  
21 rulemaking for any proposed rule, the agency shall—

22 (1) in the notice of proposed rulemaking—

23 (A) state with particularity the text of the  
24 proposed rule; and

1 (B) request any interested persons to sub-  
2 mit to the agency any written data, views, and  
3 arguments, and any specific alternatives to the  
4 proposed rule that—

5 (i) accomplish the stated objectives of  
6 the applicable statutes;

7 (ii) result in costs to the Federal Gov-  
8 ernment not more than 5 percent higher  
9 than such costs resulting from the pro-  
10 posed rule; and

11 (iii) result in a quantity of affordable  
12 housing that is 5 or more percent greater  
13 than the quantity resulting from the pro-  
14 posed rule;

15 (2) provide an opportunity for interested per-  
16 sons to take the actions specified under paragraph  
17 (1)(B) before promulgation of the final rule; and

18 (3) prepare and make available for public com-  
19 ment an initial housing impact analysis in accord-  
20 ance with the requirements of subsection (c).

21 (c) INITIAL HOUSING IMPACT ANALYSIS.—

22 (1) REQUIREMENTS.—Each initial housing im-  
23 pact analysis shall describe the impact of the pro-  
24 posed rule on the availability of affordable housing.

25 The initial housing impact analysis or a summary

1 shall be published in the Federal Register at the  
2 same time as, and together with, the publication of  
3 general notice of proposed rulemaking for the rule.  
4 The agency shall transmit a copy of the initial hous-  
5 ing impact analysis to the Secretary of Housing and  
6 Urban Development.

7 (2) CONTENTS.—Each initial housing impact  
8 analysis required under this subsection shall con-  
9 tain—

10 (A) a description of the reasons why action  
11 by the agency is being considered;

12 (B) a succinct statement of the objectives  
13 of, and legal basis for, the proposed rule;

14 (C) a description of and, where feasible, an  
15 estimate of the extent to which the proposed  
16 rule would impact the cost or supply of housing  
17 or land; and

18 (D) an identification, to the extent prac-  
19 ticable, of all relevant Federal rules which may  
20 duplicate, overlap, or conflict with the proposed  
21 rule.

22 (d) PROPOSAL OF LESS DELETERIOUS ALTERNATIVE  
23 RULE.—

24 (1) ANALYSIS.—The agency publishing a gen-  
25 eral notice of proposed rulemaking shall analyze any



1 specific alternatives to the proposed rule which have  
2 been submitted to the agency pursuant to subsection  
3 (b)(2) to determine whether any alternative to the  
4 proposed rule—

5 (A) accomplishes the stated objectives of  
6 the applicable statutes;

7 (B) results in costs to the Federal Govern-  
8 ment not more than 5 percent higher than such  
9 costs resulting from the proposed rule; and

10 (C) results in a quantity of affordable  
11 housing that is 5 or more percent greater than  
12 the quantity resulting from the proposed rule.

13 (2) NEW NOTICE OF PROPOSED RULE-  
14 MAKING.—If the agency determines that an alter-  
15 native to the proposed rule meets the requirements  
16 under subparagraphs (A) through (C) of paragraph  
17 (1), the agency shall publish a general notice of pro-  
18 posed rulemaking for a proposed rule that accom-  
19 plishes the stated objectives of the applicable stat-  
20 utes, the text of which is based upon such alter-  
21 native to the original proposed rule. In any case in  
22 which the agency determines that more than one al-  
23 ternative to the proposed rule meet such require-  
24 ments, the new proposed rule contained in the gen-  
25 eral notice of proposed rulemaking shall be based

1 upon the alternative that the agency determines is  
2 most appropriate after considering the costs, effects  
3 on affordable housing, and effectiveness in accom-  
4 plishing the objective of the rule of such alternatives.  
5 The rulemaking for the new proposed rule shall be  
6 subject to the requirements under subsection (b).

7 (e) FINAL HOUSING IMPACT ANALYSIS.—

8 (1) REQUIREMENT.—Whenever an agency pro-  
9 mulgates a final rule after publication of a general  
10 notice of proposed rulemaking, the agency shall pre-  
11 pare a final housing impact analysis.

12 (2) CONTENTS.—Each final housing impact  
13 analysis shall contain—

14 (A) a succinct statement of the need for,  
15 and objectives of, the rule;

16 (B) a summary of the significant issues  
17 raised during the public comment period in re-  
18 sponse to the initial housing impact analysis, a  
19 summary of the assessment of the agency of  
20 such issues, and a statement of any changes  
21 made in the proposed rule as a result of such  
22 comments; and

23 (C) a description of and an estimate of the  
24 extent to which the rule will impact the avail-

1 ability of affordable housing or an explanation  
2 of why no such estimate is available.

3 (3) AVAILABILITY.—The agency shall make  
4 copies of the final housing impact analysis available  
5 to members of the public and shall publish in the  
6 Federal Register such analysis or a summary there-  
7 of.

8 (f) AVOIDANCE OF DUPLICATIVE OR UNNECESSARY  
9 ANALYSES.—

10 (1) DUPLICATION.—Any Federal agency may  
11 perform the analyses required by subsections (c) and  
12 (e) in conjunction with or as a part of any other  
13 agenda or analysis required by any other law if such  
14 other analysis satisfies the provisions of such sub-  
15 sections.

16 (2) JOINDER.—In order to avoid duplicative ac-  
17 tion, an agency may consider a series of closely re-  
18 lated rules as one rule for the purposes of sub-  
19 sections (c) and (e).

20 (g) PREPARATION OF ANALYSES.—In complying with  
21 the provisions of subsections (c) and (e), an agency may  
22 provide either a quantifiable or numerical description of  
23 the effects of a proposed rule or alternatives to the pro-  
24 posed rule, or more general descriptive statements if quan-  
25 tification is not practicable or reliable.

1 (h) EFFECT ON OTHER LAW.—The requirements of  
2 subsections (c) and (e) do not alter in any manner stand-  
3 ards otherwise applicable by law to agency action.

4 (i) PROCEDURE FOR WAIVER OR DELAY OF COMPLE-  
5 TION.—

6 (1) INITIAL HOUSING IMPACT ANALYSIS.—An  
7 agency head may waive or delay the completion of  
8 some or all of the requirements of subsection (c) by  
9 publishing in the Federal Register, not later than  
10 the date of publication of the final rule, a written  
11 finding, with reasons therefor, that the final rule is  
12 being promulgated in response to an emergency that  
13 makes compliance or timely compliance with the pro-  
14 visions of subsection (a) impracticable.

15 (2) FINAL HOUSING IMPACT ANALYSIS.—An  
16 agency head may not waive the requirements of sub-  
17 section (e). An agency head may delay the comple-  
18 tion of the requirements of subsection (e) for a pe-  
19 riod of not more than 180 days after the date of  
20 publication in the Federal Register of a final rule by  
21 publishing in the Federal Register, not later than  
22 such date of publication, a written finding, with rea-  
23 sons therefor, that the final rule is being promul-  
24 gated in response to an emergency that makes time-  
25 ly compliance with the provisions of subsection (e)

1 impracticable. If the agency has not prepared a final  
2 housing impact analysis pursuant to subsection (e)  
3 within 180 days from the date of publication of the  
4 final rule, such rule shall lapse and have no force  
5 or effect. Such rule shall not be repromulgated until  
6 a final housing impact analysis has been completed  
7 by the agency.

8 (j) DEFINITIONS.—For purposes of this section, the  
9 following definitions shall apply:

10 (1) AFFORDABLE HOUSING.—The term “afford-  
11 able housing” means housing that is affordable to  
12 families having incomes that do not exceed 150 per-  
13 cent of the median income of families in the area in  
14 which the housing is located, with adjustments for  
15 smaller and larger families. For purposes of this  
16 paragraph, area, median family income for an area,  
17 and adjustments for family size shall be determined  
18 in the same manner as such factors are determined  
19 for purposes of section 3(b)(2) of the United States  
20 Housing Act of 1937.

21 (2) AGENCY.—The term “agency” means each  
22 authority of the Government of the United States,  
23 whether or not it is within or subject to review by  
24 another agency, but does not include—

25 (A) the Congress;

1 (B) the courts of the United States;

2 (C) the governments of the territories or  
3 possessions of the United States;

4 (D) the government of the District of Co-  
5 lumbia;

6 (E) agencies composed of representatives  
7 of the parties or of representatives of organiza-  
8 tions of the parties to the disputes determined  
9 by them;

10 (F) courts-martial and military commis-  
11 sions;

12 (G) military authority exercised in the field  
13 in time of war or in occupied territory; or

14 (H) functions conferred by—

15 (i) sections 1738, 1739, 1743, and  
16 1744 of title 12, United States Code;

17 (ii) chapter 2 of title 41, United  
18 States Code;

19 (iii) subchapter II of chapter 471 of  
20 title 49, United States Code; or

21 (iv) sections 1884, 1891–1902, and  
22 former section 1641(b)(2), of title 50, ap-  
23 pendix, United States Code.

1           (3) FAMILIES.—The term “families” has the  
2           meaning given such term in section 3 of the United  
3           States Housing Act of 1937.

4           (4) RULE.—The term “rule” means any rule  
5           for which the agency publishes a general notice of  
6           proposed rulemaking pursuant to section 553(b) of  
7           title 5, United States Code, or any other law, includ-  
8           ing any rule of general applicability governing grants  
9           by an agency to State and local governments for  
10          which the agency provides an opportunity for notice  
11          and public comment; except that such term does not  
12          include a rule of particular applicability relating to  
13          rates, wages, corporate or financial structures or re-  
14          organizations thereof, prices, facilities, appliances,  
15          services, or allowances therefor or to valuations,  
16          costs or accounting, or practices relating to such  
17          rates, wages, structures, prices, appliances, services,  
18          or allowances.

19          (5) SIGNIFICANT.—The term “significant”  
20          means, with respect to an impact on the availability  
21          of affordable housing, a difference in quantity of 5  
22          percent or more.

23          (k) DEVELOPMENT.—Not later than 120 days after  
24          the date of the enactment of this Act, the Secretary of  
25          Housing and Urban Development shall develop model ini-

1 tial and final housing impact analyses under this section  
 2 and shall cause such model analyses to be published in  
 3 the Federal Register. The model analyses shall be de-  
 4 signed to provide examples to other agencies of how to  
 5 carry out and develop the analyses required under sub-  
 6 sections (a) and (c).

7 **SEC. 5. GRANTS FOR REGULATORY BARRIER REMOVAL**  
 8 **STRATEGIES.**

9 (a) AUTHORIZATION OF APPROPRIATIONS.—Sub-  
 10 section (a) of section 1204 of the Housing and Community  
 11 Development Act of 1992 (42 U.S.C. 12705c(a)) is  
 12 amended to read as follows:

13 “(a) FUNDING.—There is authorized to be appro-  
 14 priated for grants under subsections (b) and (c)  
 15 \$15,000,000 for fiscal year 1999 and each fiscal year  
 16 thereafter through fiscal year 2003.”.

17 (b) APPLICATION AND SELECTION.—The last sen-  
 18 tence of section 1204(e) of the Housing and Community  
 19 Development Act of 1992 (42 U.S.C. 12705c(e)) is  
 20 amended by inserting before the period at the end the fol-  
 21 lowing: “and such criteria shall require that grant  
 22 amounts be used in a manner consistent with the strategy  
 23 contained in the comprehensive housing affordability  
 24 strategy for the jurisdiction pursuant to section 105(b)(4)



1 of the Cranston-Gonzalez National Affordable Housing  
2 Act”.

3 (c) TECHNICAL AMENDMENTS.—Section 107(a)(1) of  
4 the Housing and Community Development Act of 1974  
5 (42 U.S.C. 5307(a)(1)) is amended—

6 (1) in subparagraph (G), by inserting “and”  
7 after the semicolon at the end;

8 (2) by striking subparagraph (H); and

9 (3) by redesignating subparagraph (I) as sub-  
10 paragraph (H).

11 **SEC. 6. ELIGIBILITY FOR COMMUNITY DEVELOPMENT**  
12 **BLOCK GRANTS.**

13 Section 104(c)(1) of the Housing and Community  
14 Development Act of 1974 (42 U.S.C. 5304(c)(1)) is  
15 amended by inserting before the comma the following:  
16 “, which shall include making a good faith effort to carry  
17 out the strategy established under section 105(b)(4) of  
18 such Act by the unit of general local government to remove  
19 barriers to affordable housing”.

20 **SEC. 7. REGULATORY BARRIERS CLEARINGHOUSE.**

21 Section 1205 of the Housing and Community Devel-  
22 opment Act of 1992 (42 U.S.C. 12705d) is amended—

23 (1) in subsection (a)—

24 (A) in the matter preceding paragraph (1),

25 by striking “receive, collect, process, and assem-

1           ble” and inserting “serve as a national reposi-  
2           tory to receive, collect, process, assemble, and  
3           disseminate”;

4           (B) in paragraph (1)—

5                 (i) by striking “, including” and in-  
6                 serting “(including”;

7                 (ii) by inserting before the semicolon  
8                 at the end the following: “), and the preva-  
9                 lence and effects on affordable housing of  
10                such laws, regulations, and policies”;

11           (C) in paragraph (2), by inserting before  
12           the semicolon the following: “, including par-  
13           ticularly innovative or successful activities,  
14           strategies, and plans”;

15           (D) in paragraph (3), by inserting before  
16           the period at the end the following: “, including  
17           particularly innovative or successful strategies,  
18           activities, and plans”;

19           (2) in subsection (b)—

20                 (A) in paragraph (1), by striking “and” at  
21                 the end;

22                 (B) in paragraph (2), by striking the pe-  
23                 riod at the end and inserting “; and”;

24                 (C) by adding at the end the following new  
25                 paragraph:

1           “(3) by making available through a World Wide  
2       Web site of the Department, by electronic mail, or  
3       otherwise, provide to each housing agency of a unit  
4       of general local government that serves an area hav-  
5       ing a population greater than 100,000, an index of  
6       all State and local strategies and plans submitted  
7       under subsection (a) to the clearinghouse, which—

8           “(A) shall describe the types of barriers to  
9       affordable housing that the strategy or plan  
10      was designed to ameliorate or remove; and

11          “(B) shall, not later than 30 days after  
12      submission to the clearinghouse of any new  
13      strategy or plan, be updated to include the new  
14      strategy or plan submitted.”; and

15          (3) by adding at the end the following new sub-  
16      sections:

17          “(c) ORGANIZATION.—The clearinghouse under this  
18      section shall be established within the Office of Policy De-  
19      velopment of the Department of Housing and Urban De-  
20      velopment and shall be under the direction of the Assist-  
21      ant Secretary for Policy Development and Research.

22          “(d) TIMING.—The clearinghouse under this section  
23      (as amended by section 7 of the Affordable Housing Bar-  
24      rier Removal Act of 1998) shall be established and com-  
25      mence carrying out the functions of the clearinghouse

1 under this section not later than 1 year after the date of  
 2 the enactment of such Act. The Secretary of Housing and  
 3 Urban Development may comply with the requirements  
 4 under this section by reestablishing the clearinghouse that  
 5 was originally established to comply with this section and  
 6 updating and improving such clearinghouse to the extent  
 7 necessary to comply with the requirements of this section  
 8 as in effect pursuant to the enactment of such Act.”.

9 **SEC. 8. REMOVING BARRIERS TO USE OF FHA SINGLE FAM-**  
 10 **ILY HOUSING MORTGAGE INSURANCE PRO-**  
 11 **GRAM.**

12 (a) REPEAL OF OWNER-OCCUPANCY REQUIRE-  
 13 MENT.—Section 203 of the National Housing Act (12  
 14 U.S.C. 1709) is amended by striking subsection (g).

15 (b) REPEAL OF REQUIREMENTS FOR APPROVAL FOR  
 16 INSURANCE PRIOR TO START OF CONSTRUCTION.—The  
 17 National Housing Act is amended—

18 (1) in section 203 (12 U.S.C. 1709)—

19 (A) in subsection (b)(2), by striking the  
 20 fourth sentence in the first undesignated para-  
 21 graph following subparagraph (B); and

22 (B) in subsection (i), by striking “(or, in  
 23 any case” and all that follows through “90 per  
 24 centum)”;

1           (2) in section 220(d)(3)(A)(i) (12 U.S.C.  
2       1715k(d)(3)(A)(i)), by striking “(but, in any case”  
3       and all that follows through “90 per centum)”.

4       (c) DEFINITION OF AREA.—Section 203(b)(2) of the  
5       National Housing Act (12 U.S.C. 1709(b)(2)) is amended  
6       by striking the first sentence that follows subparagraph  
7       (B) and inserting the following new sentence: “For pur-  
8       poses of the preceding sentence, the term ‘area’ means a  
9       geographical area as the Secretary considers appropriate  
10      to maximize the availability of housing finance and carry  
11      out the purposes of this title.”.

12      (d) SIMPLIFICATION OF DOWNPAYMENT PROCE-  
13      DURES.—Section 203(b)(2) of the National Housing Act  
14      (12 U.S.C. 1709(b)(2)) is amended—

15           (1) by striking subparagraph (B) and inserting  
16      the following new subparagraph:

17           “(B) except as otherwise provided in this  
18      paragraph (2), not in excess of—

19           “(i) in the case of a mortgage for a  
20           property with an appraised value equal to  
21           or less than \$50,000, 98.75 percent of the  
22           appraised value of the property,

23           “(ii) in the case of a mortgage for a  
24           property with an appraised value in excess  
25           of \$50,000 but not in excess of \$125,000,

1           97.65 percent of the appraised value of the  
2           property,

3           “(iii) in the case of a mortgage for a  
4           property with an appraised value in excess  
5           of \$125,000, 97.15 percent of the ap-  
6           praised value of the property, or

7           “(iv) notwithstanding clauses (ii) and  
8           (iii), in the case of a mortgage for a prop-  
9           erty with an appraised value in excess of  
10          \$50,000 and which is located in a State for  
11          which the average closing cost exceeds 2.10  
12          percent of the average, for the State, of  
13          the sale price of properties located in the  
14          State for which mortgages have been exe-  
15          cuted, 97.75 percent of the appraised value  
16          of the property,

17          plus the amount of the mortgage insurance pre-  
18          mium paid at the time the mortgage is in-  
19          sured.”;

20          (2) in the 1st sentence of the matter following  
21          subparagraph (B), by inserting before the period at  
22          the end the following: “, and the term ‘average clos-  
23          ing cost’ means, with respect to a State, the average,  
24          for mortgages executed for properties that are lo-  
25          cated within the State, of the total amounts (as de-

1       terminated by the Secretary) of initial service charges,  
 2       appraisal, inspection, and other fees (as the Sec-  
 3       retary shall approve) that are paid in connection  
 4       with such mortgages”;

5               (3) by striking the 2d sentence of the matter  
 6       following subparagraph (B); and

7               (4) in the penultimate undesignated para-  
 8       graph—

9                       (A) in the 2d sentence, by striking “the  
 10       preceding sentence” and inserting “this sub-  
 11       section”; and

12                      (B) by striking the 1st sentence.

13 **SEC. 9. TREATMENT OF RESIDENTIAL CONSTRUCTION**  
 14 **LOANS UNDER THE FEDERAL HOME LOAN**  
 15 **BANK ACT.**

16       (a) TREATMENT OF RESIDENTIAL CONSTRUCTION  
 17 LOANS UNDER THE QUALIFIED THRIFT LENDER  
 18 TEST.—Section 4(a)(2)(A) of the Federal Home Loan  
 19 Bank Act (12 U.S.C. 1424(a)(2)(A)) is amended by in-  
 20 serting “, including (subject to such regulations as the  
 21 Board may prescribe) funded residential construction  
 22 loans for 1- to 4-family properties” before the semicolon.

23       (b) REPEAL OF 30 PERCENT CAP ON USE OF CER-  
 24 TAIN ASSETS AS COLLATERAL.—Section 10(a)(4) of the

- 1 Federal Home Loan Bank Act (12 U.S.C. 1430(a)(4)) is
- 2 amended by striking the 2d sentence.

